



LOUISIANA

OFFICE OF THE LT. GOVERNOR
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2008 Advertising Return on Investment Research September 2008

mdrg

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BACKGROUND AND METHODOLOGY

Since shortly after the 2005 hurricanes, Market Dynamics Research Group (MDRG) has conducted a tracking study among potential Louisiana visitors for the Louisiana Office of Tourism (LOT). The chief purpose of the research is to gauge perceptions of Louisiana as a leisure travel destination. For Fiscal Year 2008, an ROI (Return on Investment) component was added (reported herein). Results are based on four waves of Internet-based web survey data collected in fiscal 2008 (July 2007 – June 2008).

In total, 3,333 Nationwide and Key Market (Atlanta, GA; Houston, TX; Dallas, TX; Pensacola, FL; Memphis, TN; Jackson, MS; Mobile, AL; Birmingham, AL) panelists completed the survey during the four waves included. The results were weighted to accurately represent the United States less Louisiana, Hawaii, and Alaska.

Respondents for the survey were screened to ensure that they:

- Are at least 25 years old
- Have household incomes of at least \$50,000
- Take at least one trip per year that includes a paid overnight stay
- Either share equally or are the primary decision maker when making leisure travel plans
- Do not currently live in Louisiana and did not live in Louisiana prior to Hurricanes Katrina & Rita
- Are not employed in the travel, market research, marketing, or advertising industries

RESULTS

In fiscal 2008, Louisiana allocated \$8.9 million for advertising. The return on advertising investment is presented from three viewpoints:

- ***Conservative***
 - Respondents saw or heard Louisiana advertising AND
 - Visited Louisiana in past 12 months AND
 - Reported that the ad had a positive impact on their decision to visit
 - Caused them to seek more information and/or
 - Convinced them to book a trip to Louisiana and/or
 - Caused them to lengthen their stay or visit additional attractions
- ***Liberal***
 - Respondents saw or heard Louisiana advertising AND
 - Visited Louisiana in past 12 months
- ***Midpoint***
 - The median of *conservative* and *liberal*

The categorization and results replicate an annual ROI study that TNS performed for LOT for several years. In 2008, for the first time, MDRG was tasked with the ROI portion of the research.

	Conservative	Liberal	Midpoint	Comments
Total U.S. Households (less LA, AK, HI)	109.4 million	109.4 million	109.4 million	Source: 2006 American Community Survey
BASE: Households Taking Leisure Trip in Past Year	66.4%	66.4%	66.4%	
	72.6 million	72.6 million	72.6 million	
Aware of Louisiana Advertising	45.0%	45.0%	45.0%	
	32.7 million	32.7 million	32.7 million	45% of Base (Traveling HH)
Aware of Ads and Visited Louisiana	7.3%	7.3%	7.3%	
	5.3 million	5.3 million	5.3 million	7.3% of Base (Traveling HH)
Aware of Ads, Visited LA, and Ads Had Positive Impact	2.5%			
	1.8 million			2.5% of Base (Traveling HH)
Projected Spending from Leisure Households	\$2.1 billion	\$6.1 billion	\$4.1 billion	Conservative: Average HH Spending (\$1,146) * 1.8M Liberal: Average HH Spending (\$1,146) * 5.3M Midpoint: Median
Travel Party Spending per Ad Dollar	\$234	\$683	\$459	Projected HH Spending / Ad Spending (\$8.9M)
Tax Revenues (4% rate)	\$83.2 million	\$243.0 million	\$163.1 million	Projected HH Spending * 4%
Tax Revenues per Ad Dollar (Excl. production costs)	\$9.36	\$27.33	\$18.35	Projected Tax Revenue / Ad Spending (\$8.9M)
Tax Revenues per Ad Dollar (Incl. production costs)	\$8.91	\$26.03	\$17.47	Projected Tax Revenue / Ad Spending + 5% commission (\$9.3M)